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Direction générale de la recherche appliquée
Politique stratégique
Développement des ressources humaines Canada

Youth Employment Situation in Canada: Explanations and Future Outlook

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by
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Abstract

Because of their lack of experience in the labour market, young people are often the last workers hired and the first ones laid off. This last hired/first laid off rule explains why the unemployment rate for young people has constantly been higher and more sensitive to fluctuations in the business cycle than the unemployment rate for adults. Since recovery from the economic recession of the early 1990s is not yet over, this rule explains in part the fact that the employment rate for young people between the ages of 15 and 24, compared with the employment rate for adults, is still well below the level of the early 1990s. With stronger economic growth, the demand for young workers should begin to increase over the next few years. The decrease in the relative demand for young people is therefore partly temporary.

However, the demand for young people has also been affected permanently by technological changes which have changed the skills sought by the labour market. These changes have increased the importance of human capital—education and experience—to success on the labour market. Awareness of this reality has resulted in a large-scale return to school, partly explaining the decrease in the employment rate for young people during the 1990s. The increased emphasis on experience, however, has resulted in a noticeable decrease in the real earnings of young people since 1980.

Consequently, these considerations call for two types of interventions on the part of political decision-makers. First, structural policies are required to encourage young people with less education to go to school. Secondly, programs that provide young people with labour market experience, such as a more universal cooperative program, are needed.

Résumé

Suite au manque d'expérience des jeunes sur le marché du travail, ces derniers sont souvent les premiers licenciés et les derniers embauchés. Cette règle du dernier embauché/premier licencié explique pourquoi le taux de chômage des jeunes a continuellement été plus élevé et plus sensible aux variations du cycle économique que celui des adultes. La reprise économique qui a suivi la récession du début des années 90 n'étant pas encore terminé, cette règle explique en partie le fait que le taux d'emploi des jeunes (15 à 24 ans), comparativement à celui des adultes, demeure bien en-dessous de son niveau atteint au début des années 1990. Avec le raffermissement de la croissance économique, la demande des jeunes travailleurs devrait commencer à s'accélérer au cours des prochaines années. La baisse de la demande relative des jeunes est donc, en partie, temporaire.

Par contre, la demande des jeunes a été aussi affectée de façon permanente par des changements technologiques qui ont modifiés les compétences exigées par le marché du travail. Ces changements ont entraîné une augmentation de l'importance de capital humain—de l'éducation et de l'expérience—dans la réussite sur le marché du travail. La sensibilité à cette réalité a entraîné un retour massif aux études, expliquant ainsi partiellement la baisse du taux d'emploi chez les jeunes au cours des années 1990. Quant à l'importance accrue de l'expérience, elle a provoqué une diminution sensible du salaire réel des jeunes depuis 1980.

Ces considérations font donc appel à deux types d'intervention de la part des décideurs politiques. Premièrement, elles font appel à des politiques structurelles d'incitation à l'éducation pour les jeunes moins instruits. Deuxièmement, elles soulèvent l'importance des programmes visant à augmenter l'expérience des jeunes sur le marché du travail, tel que la mise sur pied d'un programme d'alternance travail/étude plus universel.

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1. Introduction

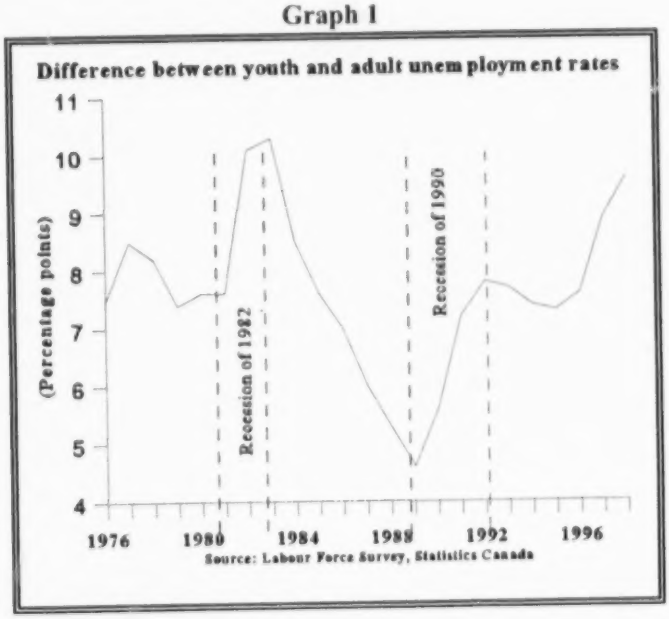
Compared to adults (25 and over), the unemployment rate among youths (15 to 24) has been systematically higher and more influenced by fluctuations in the economic cycle. In addition, youth employment has yet to recover from the last recession. Indeed, between 1992 and 1997 the number of young people who work has declined by some 500,000, while the corresponding figure for adults has gone up by more than one million over the same period. For a given demand, this decline in the supply of young people on the labour market is supposed to improve their situation in terms of relative earnings. Unfortunately, their relative wages have continued to dip during the 1990s, making this group a focus for special concern.

The aim of this study is to provide some answers to the questions raised concerning the youth employment situation. The first two parts of this paper attempt to explain why the youth unemployment rate has consistently been higher and more sensitive to fluctuations in the business cycle than the adult rate. In the third part, we focus on the decrease in youth employment over the past two decades. The fourth and final part considers the future outlook and various policy implications.

2. Why is the Youth Unemployment Rate More Influenced by Fluctuations in the Economic Cycle?

The youth unemployment rate has been more influenced by fluctuations in the business cycle than the adult rate, in a way that it has shown a greater increase during periods of economic slowdown and a greater decline during periods of economic recovery (Graph 1). Three major factors could be the source of youth unemployment's greater sensitivity to economic activities, namely, the relative characteristics of the supply of youth, the demand for youth and the institutions that govern young people's employment relations.

Graph 1

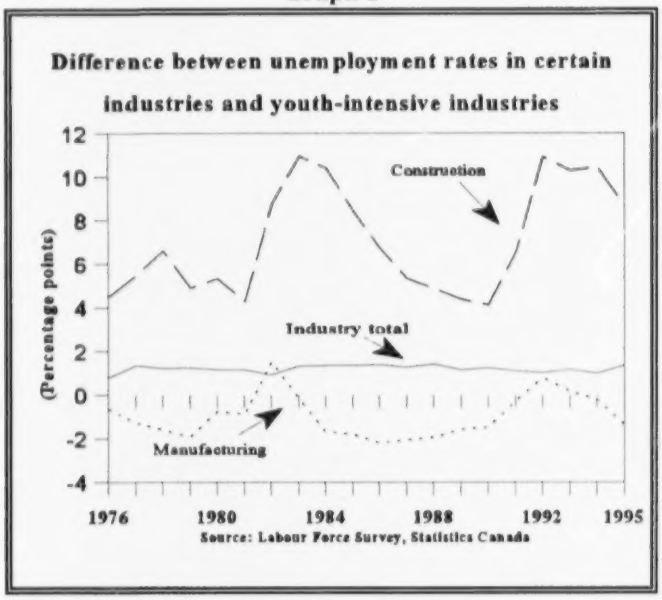


2.1 Characteristics of Demand

One means of exploring the greater cyclicality of the demand for young workers would be to study the distribution of young people by industry and determine the extent to which this is a source of vulnerability to the economic cycle. In 1995, over 55% of young workers were concentrated in six industries, namely accommodation, food services, personal and family services, entertainment, recreation and retailing. These sectors are termed youth-intensive industries. By comparison, only 25% of all workers were employed in these six industries. It

should be pointed out that the unemployment rate in these youth-intensive industries is no more cyclical than the unemployment rate within the economy in general (Graph 2). Further, it is less cyclical than the rate in the construction and manufacturing industries. Thus, since youth-intensive industries are less influenced by fluctuations in the economic cycle than other industries, the industry's cyclicality cannot be used to explain youth unemployment's greater sensitivity to fluctuations in the business cycle.[1]

Graph 2



2.2 Institutional Factors: Minimum Wage

The degree of wage rigidity is one of the arguments advanced to explain the relative vulnerability of youth unemployment to the economic cycle. To explore this argument, we will analyse the relative flexibility of wages between the various age groups. Indeed, one might think that labour standards–particularly minimum wage legislation–could translate into slightly higher wage rigidity among young people. However, this does not seem to be the case. According to a study

[1] In 1995, according to detailed calculations, only 11% of young people worked in industries that normally have a higher-than-average sensitivity to fluctuations in the economic cycle.

conducted by Statistics Canada, only about 15% of young workers earned the minimum wage at the end of the 1980s (Akyeampong, 1989). Furthermore, between 1970 and 1994, the coefficient of variation of the real wage for young men[2] was approximately 0.076, while among the 25- 34 and 35- 44 age groups it was 0.039 and 0.034, respectively. The wages paid to young workers seem at least as flexible–maybe even more so–than those paid to adult workers. Consequently, it does not appear that the relative rigidity of wages is a significant factor in youth employment's greater sensitivity to fluctuations in the business cycle. That said, youth and adult wages are not perfectly comparable, in that youth wages are entry-level wages, while adult wages reflect the workers' experience. Entry-level wages are expected to be more flexible. Moreover, adults are immunized against pay cuts, since employers are more concerned about the effect that such a downward adjustment might have on employee productivity and morale (Picot, 1998).

2.3 Characteristics of Supply

Apart from demographic factors, the youth participation rate's sensitivity to the business cycle can vary according to certain characteristics, those being age structure, student status and the school enrolment rate. Indeed, it was shown by Archambault et al (1998) that sensitivity to the business cycle on the part of the participation rate among 15- to 19-year-olds is three to four times higher than among the 20-24 age group. Similarly, the student participation rate is roughly four times more sensitive than the non-student rate. Lastly, the same study highlighted the fact that the school enrolment rate is, at least in part, sensitive to the economic cycle. Indeed, one of every two young people who leave the labour market for cyclical reasons returns to school. Thus, the characteristics of the 15-19 age group play an important role in the greater sensitivity of the supply of youth labour to the economic cycle.

The common denominator for all young people is lack of seniority. This intrinsic characteristic is a key factor when it comes to explaining youth employment's greater vulnerability. Indeed, employers tend to retain their more senior workers in order to maximize return on training investment. Similarly, the preponderance of seniority in the layoff and recall process is one of the main characteristics governing employment relations in all businesses.

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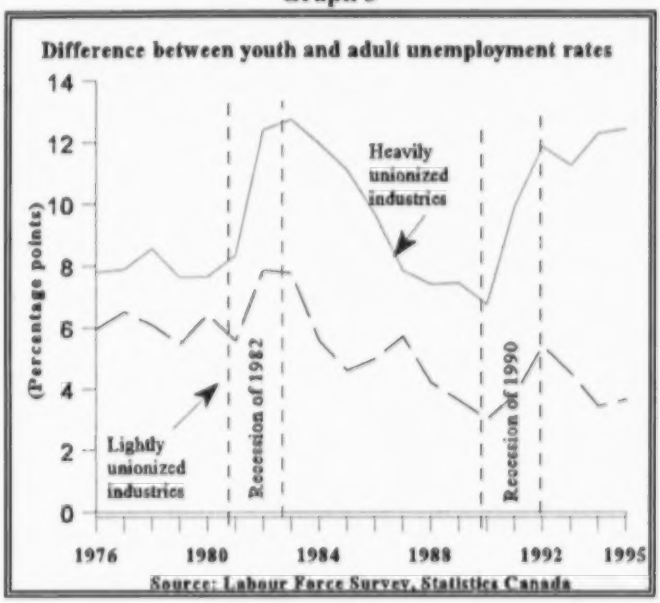
[2] Real income from a full-time, year-round job according to the Survey of Consumer Finances. The coefficient of variation is the ratio of the standard deviation to the absolute value of the arithmetic mean.

Graph 3



The rule of seniority is not confined to unionized workplaces; it is common practice even in non-unionized businesses. Seniority is generally viewed as an indicator of the employee's experience. Collective agreements attach considerable weight to seniority in determining the order of layoffs and recalls. In unionized businesses, workers who have been in their jobs for a long period of time are not affected by layoffs, except in cases of extreme downsizing.

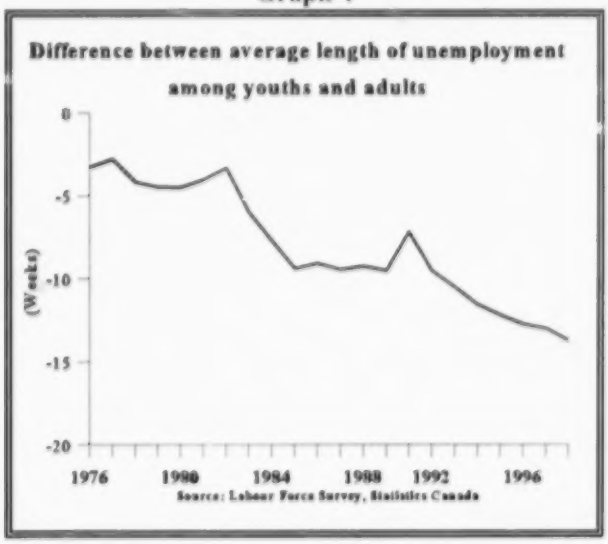
Compared to the unemployment rate for adults, the youth unemployment rate is markedly more influenced by fluctuations in the economic cycle in heavily unionized industries than in industries with a low degree of unionization (Graph 3).[3] Thus, lack of seniority seems to be a key factor in explaining youth employment's greater vulnerability to fluctuations in the economic cycle.

[3] For the purposes of this paper, heavily unionized industries are those whose degree of unionization exceeded 60% in 1992. Lightly unionized industries are those with less than 20% unionization in 1992. Employment in both types of industries accounted for 40% of total employment in 1995.

3. Why is the Youth Unemployment Rate Higher?

The difference between the youth and adult unemployment rates may be due to differences in incidence (i.e. the proportion of persons who become unemployed over a given period) and/or duration (i.e. how long the person remains unemployed before finding a new job or leaving the labour force). In examining the differences between youth and adults in terms of average length of unemployment (Graph 4), one notes that the gap is narrowing. This decline is essentially attributable to the increase in the average length for adults, from 24.3 weeks in 1983 to 31.7 in 1997. Over the same period, the average length for young people went from 18.3 to 13.7 weeks. Thus, the high unemployment rate among young people in relation to the adult rate appears to be due to a high likelihood of becoming unemployed (incidence) rather than the usually long period required to find a job (duration). Specifically, it is the likelihood of experiencing short-term unemployment (less than six months), which is relatively higher among young people than adults. The incidence of long-term unemployment (over six months) is, in fact, higher among adults (Betcherman, 1997).

Graph 4



To properly understand these differences in incidence between young people and adults, we will go beyond the two states of the labour market (employment versus unemployment) to consider

different types of transition. Indeed, in reference to the studies by Marston (1976), the unemployment rate (u) in a steady state can be broken down according to the various probabilities of transition between various categories of activity:

$$(1) \qquad u=\frac{(eu)+(1-pne)(en)}{(eu)+(1-pne)(en)+(ue)+(pne)(un)} \quad ; \quad (eu)=\frac{(EU)}{E_{t-1}}, \quad (en)=\frac{(EN)}{E_{t-1}},$$

$$\textit{where} \qquad (ue)=\frac{(UE)}{U_{t-1}}, \quad (un)=\frac{(UN)}{U_{t-1}}, \quad (pne)=\frac{(NE)}{(NU)+(NE)}$$

where EU represents the number of persons going from employment to unemployment, EN the number of persons who were employed and are leaving the labour force, UE the number of persons going from unemployment to employment, UN the number of unemployed persons leaving the labour force, NU the number of inactive persons who are joining the unemployed labour force and NE the number of inactive persons who are joining the employed labour force. The variable pne represents the likelihood that a newcomer to the labour market will find a job immediately. Based on equation (1), one can determine the influence of the likelihood of each type of transition on the total difference between the youth and adult unemployment rates according to the following formula:

$$(2) \qquad \Delta u=\sum_i \frac{\delta u}{\delta p_i}\Delta p_i$$

where

Δp_i = the difference in the five rates of transition among young people and among adults included in the dynamic definition of the unemployment rate (u);

$\delta u/\delta p_i$ =the partial derivative of the unemployment rate in relation to the p_i probability of the rate of transition;

Δu = the total difference between the youth and adult unemployment rates.

Table 1

Influence of gross flows on the difference between the youth and adult unemployment rates

(Percentage points)

Year	Going from employed to unemployed	Going from employed to inactive	Going from unemployed to inactive	Going from unemployed to employed	Becoming unemployed when joining the labour force	**Total difference in the unemployment rates**
1985	4.8	5.6	-0.8	-1.2	-0.8	**7.6**
1986	4.9	5.4	-0.7	-1.3	-1.3	**7**
1987	4.7	5.2	-0.8	-1.7	-1.4	**6**
1988	4	4.8	-0.6	-1.5	-1.4	**5.3**
1989	3.6	5.1	-0.6	-2	-1.5	**4.6**
1990	4.1	4.8	-0.9	-1.1	-1.3	**5.6**
1991	4.9	6.5	-1.3	-1.2	-1.7	**7.2**
1992	4.9	7.4	-1.6	-1.5	-1.4	**7.8**
1993	4.9	8	-1.8	-1.6	-1.8	**7.7**
1994	4.1	7.9	-1.8	-1	-1.8	**7.4**

Source : Compilation based on the data from Statistics Canada's Labour Market Activity Survey

According to the estimates produced by equation (2), Table 1 shows that in terms of the likelihood of finding a job when joining the labour force (column 5) or after being laid off (column 4), young people fare better than adults. As for the likelihood of going from unemployment to inactivity, which reflects the phenomenon of discouraged workers, it is lower for young people than adults (column 3). The widening of this gap in recent years is consistent with the observation by Betcherman (1997), i.e. the decline in the proportion that young people make up of discouraged workers. Indeed, this proportion went from 37% to 22% between 1980 and 1995. Thus, the two biggest factors in explaining the higher rate of youth unemployment have to do with the likelihood of transition from employment to unemployment (column 1) and from being employed to inactivity (column 2). The high number of young people going from being employed to unemployed increases the youth unemployment rate by driving up the number of unemployed youth without changing the size of the labour force. At the same time, however, the number of young people going from being employed to inactive drives down the youth

unemployment rate by reducing the size of the working population without changing the number of unemployed youth.

The transitions from employment to unemployment and from employment to inactivity are affected primarily by layoffs and people returning to school. Voluntary quits in these flows do not appear to be higher among young people than adults.[4] Thus, the high unemployment rate among young people relative to adults is associated with a greater likelihood among young people of losing their jobs and/or alternating between work and school. The greater likelihood among young people of losing their jobs is not surprising. Indeed, young people have a greater chance of experiencing what is called frictional unemployment,[5] which Gunderson et al (1988) attribute to the high turnover rate among youth. As newcomers to the labour market, young people change jobs more frequently in order to find a job that matches their qualifications and skills (Law et al, 1998). Furthermore, a high turnover rate may reflect inefficient job search techniques and/or a lack of information on labour market requirements in terms of skills and qualifications. On the other hand, Topel et al (1992) consider that a high turnover rate among young people without experience is a future source of gains in terms of wages and productivity.

The higher likelihood of young people alternating between work and school corroborates the findings of OECD studies on models of transition between school and work. Indeed, the traditional "school followed by work" model has given way to a system where working while attending school is an integral part of the transition process (Blanchflower et al, 1996).

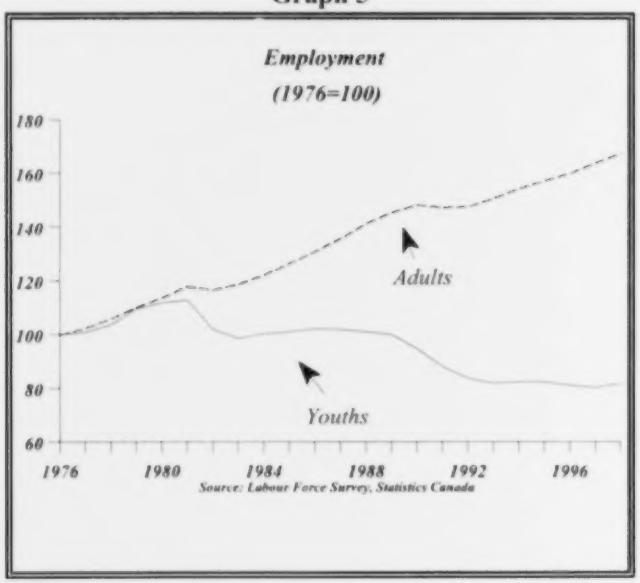
[4] Voluntary quits are determined on the basis of the proportion of persons who become unemployed or inactive in the course of the year for reasons other than being laid off or returning to school.

[5] Frictional unemployment is that portion of unemployment arising from the fact that some unemployed are between jobs.

4. What Explains the Youth Employment Situation?

Between 1981 and 1997 youth employment declined by 815,000, while the adult figure rose by 3.6 million (Graph 5). This decline must be the result of either a drop in the supply of young workers, a drop in the demand or both.

Graph 5



The supply of young workers can be defined as the product of their population multiplied by their participation rate. A reduction in the youth cohort attributable to a decline in the birth rate would obviously give rise to a decline in the supply of 15- to 24-year-old workers 20 years later. A decline in the youth participation rate would produce the same results. Given a standard definition of preferences in terms of income and leisure, the participation rate that maximizes the individual's well-being could be expressed as follows:

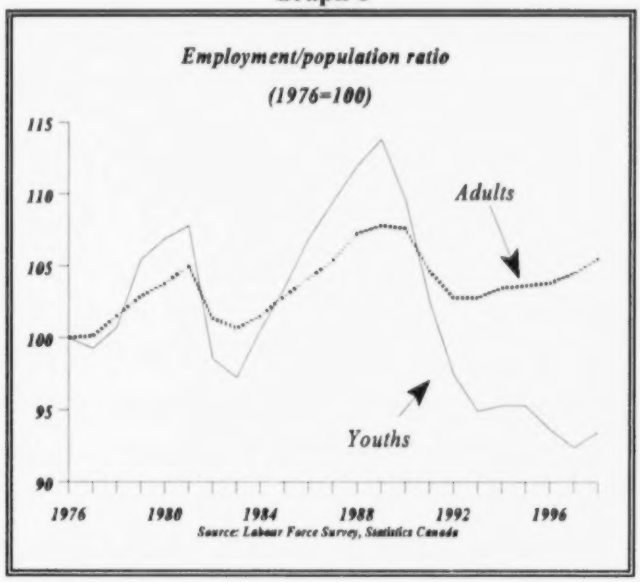
$$(3) \qquad \frac{N^S}{POP} = \frac{W(1-\mu)}{WB^E}$$

where

N^s represents the labour force, *POP* the population, *W* the relative wage, μ the unemployment rate and WB^e expected real wealth. A generation of young people who are wealthier because, for example, their parents have higher incomes and they come from smaller families could choose to engage more in leisure pursuits and remain in school longer. An increase in social assistance, the unemployment rate and the expected rate of return to education or a decrease in the relative wage could also translate into a drop in the participation rate.

It would seem that the relatively low number of young people is one of the main factors explaining the stagnation of youth employment during the latter half of the 1980s. As shown in Graph 6, as a percentage of the source population, the youth employment situation was no worse than the adult employment situation over the same period. The youth participation rate rose significantly during this period, which had somewhat of a counterbalancing effect on the population decline. The drop in youth employment (see Graph 7) in the 1980s was therefore the result of a reduction in the youth population and, consequently, in the supply of young workers.

Graph 6



The first half of the 1990s was marked by two phenomena: a pronounced, sustained decline in the employment-population ratio among young people and a pronounced, sustained decline in the youth participation rate (Graphs 6 and 7). The increase in the school enrolment rate and the

decrease in the proportion of students participating in the labour market are the biggest factors explaining the drop in the youth participation rate between 1989 and 1997 (Table 2).[6]

Graph 7

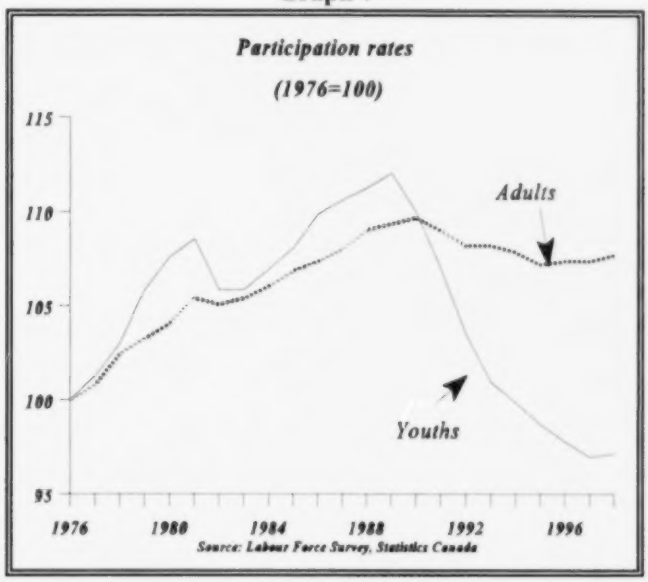


Table 2

Factors explaining the decline in the youth participation rate - 1989 to 1997

	Age					
	15-24 age group		15-19 age group		20-24 age group	
	in percentage points	percentage of total change	in percentage points	percentage of total change	in percentage points	percentage of total change
Change in school enrolment rate	-4.7	50.4	-2.3	20.6	-4.5	89.8
Change in participation rate among full-time students	-3.6	38.2	-8.0	70.8	0.5	-8.7
Change in participation rate among non-full-time students	-1.1	11.3	-1.0	8.6	-1.2	18.9
Total change in participation rate	-9.4	100.0	-11.3	100.0	-6.2	100.0

Source: Jennings, P. (1998)

[6] For further details, see Jennings, P. (1998).

The reduction in the proportion of students in the labour market can be explained in large part by the drop in the student participation rate. Students are generally recruited to protect regular staff from fluctuations in demand. Some non-specialized tasks generally performed by ordinary staff in slack periods are assigned to young students during peak periods. Where there is a cyclical decline in demand, young people who see themselves primarily as students give up looking for work. Consequently, the student participation rate is expected to rise as the economy recovers.[7]

Changes in the participation rate among part-time students are also cyclical. Contrary to our observations concerning the overall youth participation rate, participation by part-time students dropped to a lower level after the recession of 1982 than after the recession of 1991. This suggests that the bulk of the decline is cyclical in origin. Consequently, the part-time student participation rate is expected to rise as the economy recovers.

A good part of the increase in the school enrolment rate centred on the 20 to 24 age group whose members wanted to pursue a post-secondary education. The weakness of the economic recovery and the overall surplus of the labour supply perhaps led less-educated youth to delay their entry into the labour market. This leads us to believe that the increase in school enrolment is also of a cyclical nature. If this were the case, the school enrolment rate would be counter-cyclical; however, this is not the case. Indeed, the post-secondary school enrolment rate continued to increase during the 1980s and into the 1990s. Thus, there is reason to believe that a large part of the increase in the enrolment rate might be of a structural origin.

According to Krahn and Lowe (1991), based on a longitudinal study of secondary school and university graduates in three Canadian cities, there is no evidence to suggest that young people remain in school because there is no work. The reasons cited by the participants who continue on in school had to do with career and employment, as part of an active strategy, rather than a passive strategy of remaining in school because of a lack of work. An OECD study (1996) showed that the business cycle, estimated by the aggregate unemployment rate, has a positive but insignificant effect on the school enrolment rate. A recent study by Archambault et al (1998)

[7] Assuming that students' attitude towards work while in school has not changed.

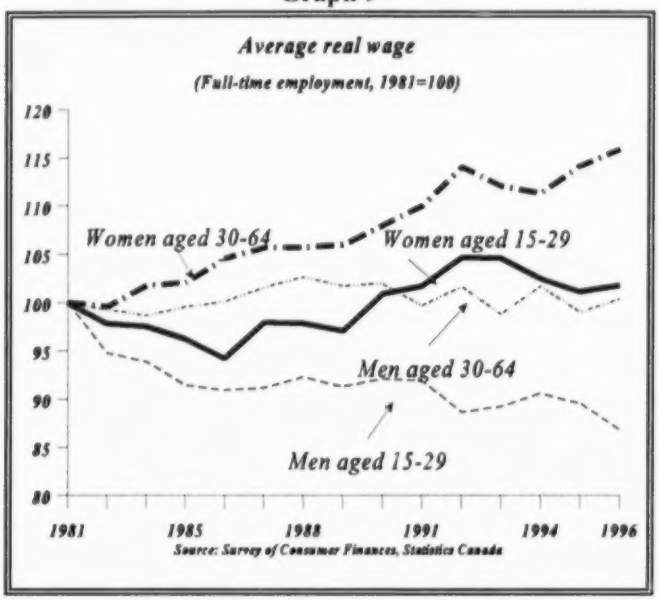
attributed 60% of the decline in the youth participation rate and the increase in the school enrolment rate to structural factors.

The structural factors cited to explain the drop in the youth participation rate have to do with market globalization and technological changes favouring an increasingly qualified labour force. Indeed, as a result of market globalization and stiffer competition, we are seeing capital substitution that led to a doubling of the capital-labour ratio between 1980 and 1995. This substitution is marked by new technologies requiring new skills in both the goods and services sectors (Chamie, 1995). The mass return to school and, consequently, the decline in the youth participation rate could be seen as a reaction to these new labour market requirements. According to some, in fact, this reduction in the participation rate is in itself good news, since the accumulation of human capital is corelated with better performances in terms of incidence of unemployment, length of employment and accumulation of seniority (Law et al, 1998).

A more worrisome aspect of the situation with young men is that, despite the decline in their participation rate, their average real wage has done nothing but go down during the 1990s (Graph 9). This has not been the case for young women. However, youth and adult wages are not perfectly comparable. Youth wages are usually entry-level, whereas older workers generally have more experience and thus can demand higher wages. In analysing the changes in annual wages, Betcherman and Morissette (1994) highlighted a deterioration in the youth situation relative to the adult situation during the 1980s. This trend was accompanied by inequality in hourly wages. Recently, Picot (1998) confirmed that this trend has continued on into the 1990s.

This deterioration in young people's relative earnings suggests that there has been a decline in demand which has more than offset the decline in the supply of young workers. The decline in the demand for young people can be attributed, at least in part, to the business cycle. However, it seems that the drop in demand can also be attributed to structural factors, since wages have not increased during the recovery. This corroborates the conclusion by Morissette (1995) that the unequal trend in wages cut across education levels and the major industry and occupational groups, and that the decline is not due solely to the economic cycle.

Graph 9



The importance of structural factors in explaining the deterioration in youth employment was confirmed by a longitudinal study carried out by Beaudry et al (1997). According to the study, apart from the level of education, the profile of earnings by age group has undergone a trend decrease. This means that the latest youth cohorts are not managing to catch up with the preceding cohorts.

Another argument to explain the deterioration in the relative situation of youth has to do with the quality of the jobs held by young people. Indeed, young workers have a greater tendency to hold so-called non-standard jobs, i.e. part-time work, short-term contracts and self-employment (Economic Council of Canada, 1991). The proportion of these jobs[8] went from 28% to 33% between 1989 and 1994. The proportion of males aged 15 to 24 holding these jobs was 52% in 1994, while the corresponding figure for females was 64% (Statistics Canada, 1995). These jobs offer not only low wages but fewer opportunities to acquire fringe benefits and training.

It must be said, however, that the unequal trend in wages during the 1980s and 90s is evident even among full-time, year-round workers (Picot, 1998). Another theory is that a greater

[8] In relation to jobs held by persons aged 15 to 64.

premium has been placed on experience. For example, a recent study shows that the age premium persists even when the wages of persons aged 25 to 34 are compared with those of persons aged 45 to 54 (Kapsalis, 1998). Indeed, between 1981 and 1994 this premium increased by 15.7% for men and 19.5% for women.

This trend has been attributed to the fact that young people, who used to compete with adults who were relatively less educated and more experienced, are now competing with adults who are just as educated and more experienced. Another hypothesis, one which we are attempting to explore in our ongoing research, would be to attribute this premium to an increased demand for skills acquired through experience, such as teamwork, flexibility, adaptability and communication skills.

5. Conclusions and Strategic Repercussions

Over time, the youth unemployment rate has been systematically higher and more influenced by fluctuations in the business cycle than the adult rate. Our analysis indicates that this is attributable to the important role played by seniority in the layoff and recall process. There is no proof that young workers voluntarily quit their jobs in greater numbers or that their success rate, in terms of finding a job when joining (or rejoining) the labour force, is lower than that of older workers. Young people's lack of seniority appears to be a key factor in explaining their vulnerability to job losses. Because of this lack of seniority, youth employment follows the "last hired, first fired" trend. The lack of seniority is an intrinsic factor in the situation with young workers. As long as it continues to play a major role in the functioning of the labour market, young workers will remain vulnerable. And young people will be at a particular disadvantage if the labour market does in fact require more and more skills acquired through experience.

In the latter half of the 1980s, youth employment decreased in the wake of the youth population decline. During the first half of the 1990s, it was mainly factors tied in with demand, but also certain supply-related factors, that played a role in the youth employment decline. Since youth employment follows the "last hired, first fired" trend, the slowness of the recovery is an important factor in explaining the weakness of youth employment growth since 1990. According to certain indicators, there was also a reduction in the supply of young workers attributable to structural factors during the first half of the 1990s.

The weakness in the level of production in relation to the capacity we have witnessed recently in Canada is a major factor in explaining the relatively high youth unemployment rate. Since consumption should continue to improve, the growth of youth-intensive industries and the demand for young workers should begin to accelerate in the coming years. Since the decline in the youth participation rate seems linked, to a certain extent, with structural factors, even a return to full employment would not restore it to its pre-recession level. A more marked increase in demand than in supply should give rise to an improvement in labour market conditions for young people. According to recent ex ante forecasts issued by the Canadian Occupational Projection System

(COPS),[9] there will be surplus demand for new workers in occupational groups corresponding to a community college, CEGEP and high school education level. Some 70% of young people come under these groups.

A high proportion of young workers (40% in 1995) are full-time students who work part-time. Young students are usually recruited to protect regular staff from fluctuations in demand. Certain non-specialized tasks generally performed by ordinary staff in slack periods are assigned to young students during peak periods. Although this employment instability has enabled students to combine work with school and acquire experience, negative effects are recorded in terms of length of time spent in school and the increase in the drop-out rate. Higher tuition fees can only exacerbate this situation, since students will have to work more and more hours.

As for the rest of young workers, our analysis suggests that in general, they join the labour market and change jobs very frequently before landing a relatively steady job. Young Canadians are encountering considerable difficulties finding stable, suitable employment. Some might not have the skills, qualifications or attitudes sought by employers when they enter the labour market. They find work only during periods of booming economic activity, when employers lower their recruitment standards to respond to production and sales requirements. They are usually laid off when the demand falls back to a more sustainable level. It is only then that young workers learn what the necessary skills and qualifications are. A better labour market information system could therefore help save a lot of young workers from wasting time and resources. Despite the recent improvements in disseminating labour market information to young Canadians through such publications as *Job Futures*, certain things (data and research) remain to be done to more accurately assess the specific skills that young people need to possess today on the job market or will likely need to possess when they eventually enter the market.

The question of training provided by businesses as a means of helping youths land a steady job has raised a certain amount of interest. According to American and Japanese studies,[10] young workers who receive training are less likely to experience a high rate of turnover. Investments in

[9] According to the spring 1996 update.

[10] See Lynch (1991 and 1993) and OECD (1993).

training and steadier jobs might be mutually reinforcing. Germany and Japan can serve as models of labour markets where many newcomers quickly find relatively permanent jobs. In Japan, almost two thirds of all new recruits hired upon leaving high school in 1993 had received formal training from their employer. In Germany, a large proportion of young workers (40% of 18-year-olds in 1994) take part in training programs. In both countries, the gap between the youth and adult unemployment rates is very narrow; in certain groups, in fact, it is even negative. Establishing a more universal cooperative education program than the one we currently have in Canada could help young Canadians find a stable job more quickly.

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